

**UNITED STATES OF AMERICA**  
**Before The**  
**OFFICE OF THRIFT SUPERVISION**

In the Matter of )

The Washington Savings Bank, FSB )  
Bowie, Maryland )

OTS Docket No.: 08173 )

Order No.: ATL-2005- 12

Date: **June 14, 2005**

**STIPULATION AND CONSENT TO THE ISSUANCE OF  
AN ORDER OF ASSESSMENT OF CIVIL MONEY PENALTY**

**WHEREAS**, the Office of Thrift Supervision (OTS), based upon information derived from the exercise of its regulatory responsibilities, has informed The Washington Savings Bank, Bowie, Maryland, OTS Docket No. 08173 (TWSB or Bank) that the OTS is of the opinion that grounds exist to initiate an administrative proceeding, the assessment of a civil money penalty, against TWSB pursuant to Section 8(i) of the Federal Deposit Insurance Act (FDIA), 12 U.S.C. § 1818(i),<sup>1</sup> and

**WHEREAS**, TWSB desires to cooperate with the OTS to avoid the time and expense of such administrative proceeding and, without admitting or denying that such grounds exist and without any adjudication on the merits, but only admitting the statements and conclusions in Paragraph 1 below, hereby stipulates and agrees to the following terms:

**1. Jurisdiction**

a. TWSB, at all times relevant hereto, was a "savings association" within the meaning of Section 3(b) of the FDIA, 12 U.S.C. § 1813(b), and Section 2(4) of the Home

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<sup>1</sup> All references to the United States Code (U.S.C.) are as amended, unless otherwise indicated.

Owners' Loan Act (HOLA), 12 U.S.C. § 1462(4). Accordingly, the Bank was an "insured depository institution" as that term is defined in Section 3(c) of the FDIA, 12 U.S.C. § 1813(c).

b. Pursuant to Section 3(q) of the FDIA, 12 U.S.C. § 1813(q), the Director of the OTS is the "appropriate Federal Banking agency" with jurisdiction to assess civil money penalties against such a savings association. Therefore, the Bank is subject to the jurisdiction of the OTS to initiate and maintain civil money penalty assessment proceedings against it pursuant to Section 8(i) of the FDIA, 12 U.S.C. § 1818(i). The Director of the OTS has delegated to the Regional Director of the Southeast Region of the OTS or his/her designee (Regional Director) the authority to issue civil money penalty assessment orders where an association has consented to the issuance of the order.

## **2. OTS Findings of Fact**

a. The OTS finds that the Bank has engaged in certain unsafe and unsound practices and violated certain laws and regulations to which the Bank is subject. Further, the practices and violations by the Bank also constitute a material breach of the terms of the Bank's March 22, 2004 Supervisory Agreement with the OTS. The Bank's unsafe and unsound practices, violations of law and regulation, and breach of a written agreement with the OTS are fully detailed in the OTS's November 29, 2004 Report of Examination of TWSB (2004 Examination). Such violations of law and regulation include violations of (i) the Home Mortgage Disclosure Act<sup>2</sup>, the Equal Credit Opportunity Act<sup>3</sup>, the Truth in Lending Act<sup>4</sup>, the Real Estate Settlement Procedures Act<sup>5</sup>, the lending limitations for loans made to one borrower<sup>6</sup>, the interagency real

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<sup>2</sup> 12 U.S.C. § 2801 et seq.

<sup>3</sup> 15 U.S.C. § 1691 et seq.

<sup>4</sup> 15 U.S.C. § 1601 et seq.

<sup>5</sup> 12 U.S.C. § 2601 et seq.

<sup>6</sup> 12 C.F.R. § 563.93.

estate lending standards<sup>7</sup>, and the regulations governing the establishment and maintenance of adequate records<sup>8</sup>.

b. The OTS finds that TWSB, in cooperation with the OTS, has proposed to make and has already made substantial corrective actions and changes to address the violations and practices noted in the Bank's 2004 Examination and improve its compliance program and systems.

c. Notwithstanding TWSB's cooperation and the corrective actions taken thus far, the OTS is of the opinion that a civil money penalty (CMP) is necessary and appropriate to address the violations and practices committed by the Bank. Accordingly, OTS believes that a CMP of One Hundred Thousand Dollars (\$100,000.00) should be assessed.

### **3. Consent**

TWSB consents to the issuance by the OTS of the accompanying Consent Order of Assessment of Civil Money Penalty (CMP Order). The Bank further agrees to comply with the terms of the Order upon issuance and stipulates that the Order complies with all requirements of law.

### **4. Finality**

The Order is issued by the OTS under the authority of 12 U.S.C. § 1818(i). Upon issuance by the Regional Director for the Southeast Region, this Order shall be a final order, effective and fully enforceable by the OTS under the provisions of 12 U.S.C. § 1818(i).

### **5. Waivers**

TWSB waives the following:

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<sup>7</sup> 12 C.F.R. § 560.101

<sup>8</sup> 12 C.F.R. § 563.170

- a. the right to be served with a written notice of the OTS's assessment of a civil money penalty against it (12 U.S.C. § 1818(i) and 12 C.F.R. Part 509);
- b. the right to an administrative hearing of the OTS's charges against it (12 U.S.C. § 1818(i));
- c. the right to seek judicial review of the Order, including, without limitation, any such right provided by 12 U.S.C. § 1818(i), or otherwise to challenge the validity of the Order;
- d. any and all claims against the OTS, including its employees and agents, and any other governmental entity for the award of fees, costs or expenses related to this OTS enforcement matter and/or the Order, whether arising under common law, the Equal Access to Justice Act, 5 U.S.C. § 504, or 28 U.S.C. § 2412; and
- e. the right to assert this proceeding, this consent to the issuance of the Order, and/or the issuance of the Order, the payment of any monies, or the provision of any other financial relief as contemplated by the Order, as the basis for a claim of double jeopardy in any pending or future proceeding brought by the United States Department of Justice or any other governmental entity.

**6. Other Governmental Actions Not Affected**

TWSB acknowledges and agrees that its consent to the issuance of the accompanying Order is solely for the purpose of resolving certain potential OTS administrative enforcement charges as provided above, and does not otherwise release, discharge, compromise, settle, dismiss, resolve, or in any way affect any actions, charges against, liability, or any other administrative, civil, or criminal proceeding that arise pursuant to this action or otherwise, and that may be or has been brought by another governmental entity.

**7. Reservation of Rights**

TWSB acknowledges that the OTS reserves the right to utilize the violations alleged above in Paragraph 2 of this Stipulation, in connection with future action(s), charge(s), or proceeding(s), to establish a pattern or practice of violations or the continuation of a pattern or practice of violations.

**8. Miscellaneous**

a. The construction and validity of this Stipulation and the Order shall be governed by the laws of the United States of America;

b. In case any provision of this Stipulation and the Order is ruled to be invalid, illegal, or unenforceable by the decision of any Court of competent jurisdiction, the validity, legality, and enforceability of the remaining provisions hereof shall not in any way be affected or impaired thereby, unless the Regional Director in his or her sole discretion determines otherwise;

c. All references to the OTS in this Stipulation and the Order shall also mean any of the OTS's predecessors, successors, and assigns;

d. The section and paragraph headings in this Stipulation and the Order are for convenience only, and such headings shall not affect the interpretation or construction of this Stipulation or the Order; and

e. This Stipulation and the Order shall remain in effect until terminated, modified, or suspended in writing by the OTS, acting through its Director, Regional Director, or other authorized representative.

**9. Signature of Directors**

Each Director signing this Stipulation attests that he/she voted in favor of a resolution authorizing the execution of the Stipulation.

**WHEREFORE**, TWSB, by a majority of its directors, executes this Stipulation and Consent to the Issuance of an Order of Assessment of Civil Money Penalty, intending to be legally bound hereby.

The Washington Savings Bank  
Accepted by a majority of its directors:

**OFFICE OF THRIFT SUPERVISION**

By: \_\_\_\_\_ /s/  
Director

\_\_\_\_\_/s/  
John E. Ryan  
Regional Director, Southeast Region

\_\_\_\_\_/s/  
Director

Dated: June 14, 2005

\_\_\_\_\_/s/  
Director

\_\_\_\_\_/s/  
Director

\_\_\_\_\_/s/  
Director

\_\_\_\_\_/s/  
Director

\_\_\_\_\_/s/  
Director

**WHEREFORE**, TWSB, by a majority of its directors, executes this Stipulation and Consent to the Issuance of an Order of Assessment of Civil Money Penalty, intending to be legally bound hereby.

The Washington Savings Bank  
Accepted by a majority of its directors:

**OFFICE OF THRIFT SUPERVISION**

By: \_\_\_\_\_  
Director

\_\_\_\_\_/s/\_\_\_\_\_  
John E. Ryan  
Regional Director, Southeast Region

\_\_\_\_\_  
Director

Dated: June 14, 2005

\_\_\_\_\_  
Director

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Director

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Director

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Director

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Director

In the Matter of	Order No.: ATL-2005- 12
The Washington Savings Bank, FSB	Date: <b>June 14, 2005</b>
Bowie, Maryland	
OTS Docket No.: 08173	

**WHEREAS**, The Washington Savings Bank, Bowie, Maryland, OTS Docket No. 08173 (TWSB or Bank), by and through its Board of Directors (Board), has executed a Stipulation and Consent to the Issuance of an Order of Assessment of Civil Money Penalty (Stipulation); and

**WHEREAS**, the Director of the OTS, pursuant to delegated authority, has delegated to the Regional Directors of the OTS the authority to issue Orders of Assessment of Civil Money Penalty on behalf of the OTS where the savings association that is the subject of the Order has consented to the issuance of the Order.

<sup>1</sup> All references to the United States Code (U.S.C.) are as amended.



**1. Payment of Civil Money Penalty**

Within ten (10) calendar days of the date of this CMP Order, TWSB shall pay the sum of One Hundred Thousand Dollars (\$100,000.00) by tendering a certified check or bank draft made payable to the order of the Treasurer of the United States. The certified check or bank draft and a copy of the CMP Order shall be delivered by overnight courier, together with a cover letter referencing The Washington Savings Bank, Bowie, Maryland, OTS Docket No. 08173, to the following address: Controller's Division, Office of Thrift Supervision, 1700 G Street, N.W., Washington, D.C., 20552. A copy of the certified check or bank draft and the cover letter shall be provided by U.S. Mail or overnight courier to Karen Bruton, Regional Counsel, Office of Thrift Supervision, 1475 Peachtree St., N.E., Atlanta, GA 30309.

**2. Definitions**

All technical words or terms used in this CMP Order and the Stipulation for which meanings are not specified or otherwise provided by the provisions of this CMP Order shall, insofar as applicable, have meanings as defined in the FDIA. Any such technical words or terms used in this CMP Order and the Stipulation and undefined in said FDIA shall have meanings that are in accordance with the best custom and usage in the savings and loan industry.

**3. Successor Statutes, Regulations, Guidance, and Amendments**

Reference in this CMP Order and the Stipulation to provisions of statutes, regulations, and OTS Publications shall be deemed to include references to all amendments to such provisions as have been made as of the effective date of this CMP Order, and references to successor provisions as they become applicable.

**4. Notices**

a. Except as otherwise provided herein, any request, demand, authorization, direction, notice, consent, waiver, or other document provided or permitted by the CMP Order to be made upon, given or furnished to, delivered to, or filed with:

i. OTS, by TWSB, shall be sufficient for every purpose hereunder if in writing and mailed, first class, postage prepaid or sent via overnight delivery service or physically delivered, in each case addressed to the Regional Director, Office of Thrift Supervision, Department of the Treasury, 1475 Peachtree St., N.E., Atlanta, Georgia 30309 or telecopied to 404.897.1861 and confirmed by first class mail, postage prepaid, overnight delivery service or physically delivered, in each case to the above address.

ii. TWSB, by OTS, shall be sufficient for every purpose hereunder if in writing and mailed, first class, postage prepaid, or sent via overnight delivery service or physically delivered, in each case addressed to TWSB Board at 4201 Mitchellville Road, Suite 300, Bowie, Maryland 20716, or telecopied to 301.352.3121 and confirmed by first class mail, postage prepaid, overnight delivery service or physically delivered, in each case to the above address.

b. Notices hereunder shall be effective upon receipt, if by mail, overnight delivery service, or telecopy, and upon delivery, if by physical delivery. If there is a dispute about the date on which a written notice has been received by a party to this CMP Order, then, in the event such notice was sent by the United States

mail, there shall be a presumption that the notice was received two business days after the date of the postmark on the envelope in which the notice was enclosed.

**5. Duration, Termination or Suspension of Order**

This CMP Order is and shall become effective on the date it is issued, as shown in the caption hereof. The Stipulation and the CMP Order shall remain in effect until terminated, modified, or suspended in writing by the OTS, acting through its Director, Regional Director, or other authorized representative.

**THE OFFICE OF THRIFT SUPERVISION**

By: \_\_\_\_\_ /s/  
John E. Ryan  
Regional Director, Southeast Region